

## Annuity Payout Options



An [annuity](#) is a product sold by a life insurance company that allows you to invest a sum of money in exchange for a guarantee of future fixed income over a set period or even a lifetime. Unlike life insurance, which provides protection for a beneficiary, an annuity is typically purchased to provide protection for yourself in the form of retirement or lifetime income. That said, you can customize your annuity payout to provide financial security for a beneficiary should you choose to do so.

With a Navy Mutual annuity, you can elect to receive income using any of these five [payout options](#):

1. **Lump Sum** – You receive the entire accumulated cash value as a single payment.
2. **Fixed Period** – You receive payments for a set period of time ranging from one to 30 years. Payments stop once this period is complete. If you were to pass away during the selected period, a designated beneficiary would receive the remainder of the payments, ending at the previously agreed-upon time. This income option allows you to surrender the annuity for its remaining lump-sum cash value at any point during the payout period with no penalty.
3. **Life Income with No Death Benefit** – You receive the highest monthly income possible, with payments that are guaranteed for life. Payments stop upon your death.
4. **Life Income with “Period Certain”** – You receive guaranteed payments for the duration of your life. If you were to pass away during the “period certain,” a predetermined period of time after which no payments will be made, a designated beneficiary would receive the payments for the remainder of the period certain.
5. **Joint and Survivor Income** – You and a joint annuitant receive guaranteed payments until one of you passes away. At that time, the survivor continues to receive a previously determined percentage of the original payment amount until their death.

At the time of purchase, you choose which payout option you would like. This decision should take into consideration the reason you decided to purchase the annuity in the first place.



**If your goal is to ensure that you will receive income throughout your retirement**, consider one of the “life income” payout options. Even with careful budgeting, it is possible to outlive your retirement assets. While pension funds, military retirement pay, and Social Security benefits are guaranteed for life, for many, the bulk of their savings are not a sure bet – once they are gone, they are gone. By choosing a life income payout option for an annuity, you are creating a financial safety net that guarantees a monthly payment for the remainder of your life.

**Note:** For the highest monthly payment, choose Life Income with No Death Benefit.

**If you want to pass along money to a survivor**, you need to choose a payout option that allows for payments to be made after your death. The only way for you to *guarantee* that money would go to a beneficiary is to choose the joint and survivor income payout option, in which you and a joint annuitant both receive payments until one of you passes away, after which the survivor continues to receive payments until their death. If you choose either the fixed period or life income with period certain payout option, there is the possibility that payments could be made to a beneficiary, however this depends on the timing of your death. In both cases, you would need to pass away within the chosen period in order for payments to be made to your beneficiary.

**If you want a temporary boost to your income but are not concerned with having payments delivered until your death**, consider the fixed period payout option. This is a great choice if, for example, you want extra income at the height of your retirement, while you are travelling and spending money, and then want to settle down in your later years and live more modestly. It could also be a good option if you want to bridge the gap between your working years and when you need to begin taking required minimum distributions from your retirement accounts (at age 72).

**Note:** This payout option allows you to forfeit the remainder of your payments and take a lump-sum payout of the remaining balance at any time. This gives you the financial flexibility to handle unforeseen circumstances instead of being locked into a payout plan.

**If your goal is to use an annuity simply for growth, consider the lump sum payout option.** This allows you to reinvest your original principal amount and any earnings into another annuity or other investment vehicle. Annuities typically provide higher interest rates than those found with savings accounts or CDs, making them a good choice for risk-averse investors or those who simply want to make money without having to deal with potential market volatility. You can find Navy Mutual’s annuity rates [here](#).

Navy Mutual provides Members with high-quality, low-cost life insurance and annuities. If you are interested in learning more about [whether an annuity is right for you](#), give us a call at **800- 628-6011** or [schedule an appointment](#) with a representative.